

FIRST AMENDMENT TO AMENDED AND RESTATED LEASE OF PREMISES

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LEASE OF PREMISES ("First Amendment"), dated effective as of August 1, 2006 (the "Effective Date"), is entered into by and between the **CITY OF SAUSALITO**, a municipal corporation (the "Landlord"), and **RICHARD MORTON**, an individual (the "Tenant").

RECITALS

The following Recitals are a substantive part of this Agreement:

A. Landlord and Tenant entered into the Amended and Restated Lease of Premises dated as of June 1, 2004 (the "Lease"). Capitalized terms utilized herein and not otherwise defined shall have the same meaning as set forth in the Lease.

B. The Lease provides for Landlord's lease to Tenant of approximately one thousand seven hundred seventy two (1,722) square feet located in Building 7, Suites 710, 715, and 720 at 610 Coloma Street, City of Sausalito, County of Marin (the "Premises") for a term ending on May 31, 2005. The Tenant has retained possession of the Premises since the end of the term.

C. Landlord and Tenant desire to enter into this First Amendment to the Lease to allow for the extension of the term of the Lease through July 31, 2009 upon the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual covenants and conditions contained in this Amendment, Landlord and Tenant hereby agree as follows:

Section 1. Term. Section 2.1 of the Lease is hereby amended in its entirety to read as follows:

"2.1 Term. This Lease shall be for a period of three (3) years ("Term") commencing August 1, 2006 ("Commencement Date"). This Lease shall end three (3) years from the Commencement Date, that is at midnight of July 31, 2009 ("Expiration Date"), unless otherwise terminated in accordance with the provisions of this Lease".

2.1(a) Tenant's Right of Termination. On or after August 1, 2007, Tenant may at his option terminate this Lease by giving Landlord written notice of termination and delivering to Landlord a "Termination Payment" in an amount equal to three (3) months of the then applicable monthly rental amount. The termination shall take effect thirty (30) days after Landlord's receipt of the written notice of termination and the Termination Payment.

Section 2. Rent. Commencing on the Effective Date of this Amendment, the monthly rent to be paid by Tenant to Landlord in accordance with Section 3.1 of the Lease shall be Two Thousand Two Hundred Thirty Eight Dollars and 60/100 (\$2,238.60). Annually thereafter, the monthly Rent payable by Tenant hereunder shall be increased by an amount equal to four percent (4%) of the then applicable monthly rent to the amounts that follow on the dates that follow:

August 1, 2007: Two Thousand Three Hundred Twenty Eight Dollars and 14/100 (\$2,328.14)

August 1, 2008: Two Thousand Four Hundred Twenty One Dollars and 27/100 (\$2,421.27)

Section 3. Roof Repair. Tenant has notified Landlord of a leak in the roof of the Premises. Tenant acknowledges and agrees that Landlord is undertaking exterior repairs to correct the leak in the roof of the Premises and that Landlord shall complete such repairs in a reasonable period of time in accordance with Section 8.2 of the Lease.

Section 4. Effect on Lease. Except as expressly set forth herein, the terms and conditions of the Lease shall remain in full force and effect. In the event of any inconsistency between the Lease and this First Amendment, the terms of this First Amendment shall control.


Section 5. Entire Agreement; Conflicts. This Amendment and the Lease contain the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified herein, no prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Amendment and the Lease shall not be modified or altered except in writing signed by both parties.

Section 6. Execution. This First Amendment may be executed in duplicate original counterparts each of which shall constitute one and the same instrument.

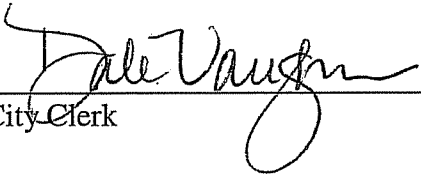
LANDLORD:

CITY OF SAUSALITO, a municipal corporation

Dated: 8/1, 2006

By: 
~~Ron Albert, Mayor~~
D.M. Kelly

ATTEST:


City Clerk

APPROVED AS TO FORM:

City Attorney

TENANT:

Dated: _____, 2006

By: 
Richard Morton